

**ACTION:** G - Sale of Surplus Property

**SOLICITATION NUMBER:** BLM-2009-OMCHS-0001

**SET-ASIDE:** N/A

**RESPONSE DATE:** 09/30/2008

**CLASSIFICATION CODE:** F - Natural Resources and Conservation

**CONTRACTING OFFICER:**

BLM-NM AMARILLO FIELD OFFICE/HELIUM OPS\*  
801 S. FILLMORE  
SUITE 500  
AMARILLO, TX 79101-3545

**POINT OF CONTACT:**

John E. Hamak, Assistant Field Manager, (806) 356-1025, John\_Hamak@nm.blm.gov

**PLACE OF PERFORMANCE:** Cliffside Gas Field, North of Amarillo, Texas. Point of Contact is Connie H. Neely (806) 356-1027

**PLACE OF PERFORMANCE POSTAL CODE:** 79101-3545

**PLACE OF PERFORMANCE COUNTRY:** US

**SUBJECT:** Invitation for Offer - Federal (Open Market) Crude Helium

**DESCRIPTION:**

Expiration Date: September 30, 2009

**INVITATION FOR OFFER - FEDERAL (OPEN MARKET) CRUDE HELIUM**  
IFO NO. BLM-2009-OMCHS-001  
October 2008 - September 2009

#### Introduction

The purpose of this IFO is to continue implementation of the terms of the Helium Privatization Act (HPA) of 1996 dealing with the disposal of the Conservation Helium Reserve. The HPA requires the Department of the Interior (DOI) to offer for sale, beginning no later than 2005, a portion of the Conservation Helium stored underground at the Cliffside Field, north of Amarillo, Texas. The DOI, in consultation with the private helium industry, has determined that private companies, with refining capacity along the crude helium pipeline, will need a supply of helium in excess of that available from their own storage accounts and that available from crude helium extractors in the region. Given the current market, Conservation Helium sold in this sale will cause minimal market disruption.

This is the seventh in a series of sales that the Department will conduct to dispose of the Conservation Helium stored underground at the Cliffside Field. The annual sales are being conducted in a manner intended to prevent pure helium market disruptions from occurring to end users; shortages of crude helium to pure helium refiners; and an oversupply of crude helium on the market for crude helium extractors. Subsequent sales may be adjusted as needed.

The volume of helium available for this sale is 2,100 MMcf and will be offered in four equal quarterly increments of 525 MMcf. In accordance with the HPA, this volume was determined by dividing the total volume of stored Conservation Helium less the statutory required reservation of 600 MMcf for Government purposes less estimated In-Kind Crude Helium transfers for 12 years divided by 12. This volume represents a straight-line basis for offering the helium for sale in accordance with the HPA.

The Conservation Helium will be sold at the same price as In-Kind Crude Helium. In accordance with the HPA, this price covers helium debt repayment and its escalation by the Consumer Price Index since the helium debt was frozen in 1995. Additionally, the price includes administrative and storage costs associated with the Conservation Helium calculated on a per Mcf basis. The Fiscal Year 2009 price is \$62.25 per Mcf.

Before submitting an offer, you will need to know the definitions of certain terms used in this IFO. These terms are defined at the end of the IFO.

The first request for purchase of helium and other documentation as required in this IFO must be sent by certified mail to:

Bureau of Land Management, Amarillo Field Office  
801 S. Fillmore, Suite 500  
Amarillo, TX 79101-3545  
Attention: Crude Helium Sales Analyst

You may call Connie H. Neely, (806) 356-1027 with questions about this IFO.

Subsequent requests can be emailed to [connie\\_neely@blm.gov](mailto:connie_neely@blm.gov).

#### Terms

Submit your request for purchase and other documentation, as required, according to the following schedule:

First Quarter Offering - September 5, 2008 through September 30, 2008

Second Quarter Offering - December 1, 2008 through December 31, 2008

Third Quarter Offering - March 1, 2009 through March 31, 2009

Fourth Quarter Offering - June 1, 2009 through June 30, 2009

On the next business day after the request to purchase Conservation Helium for the Quarter is received, it will be opened and evaluated. Upon evaluation of all offers, volumes of this Conservation Helium Sale will be apportioned and allocated according to the sale rules described in this IFO.

Successful requestors will be notified in writing by BLM no later than one week after the end of the request period.

#### Offers

You must submit the following information to the BLM, Amarillo Field Office:

Billing address information and name(s) of principle officers of the company.

Proof of being an entity qualified to purchase Conservation Helium at this sale as defined in Consideration of Offers. Documents such as invoices for sale or purchase of helium, Helium Storage Contracts, or other relevant documents may be submitted as proof of qualification.

The amount (in MCF) of Conservation Helium requested.

Check, Credit Card, or money order in the amount of \$1,000 made payable to the Bureau of Land Management. This money will be used to cover administrative expenses to conduct this sale and is nonrefundable.

The above information only needs to be submitted the first time a prospective purchaser submits a bid.

Prospective purchasers are not required to submit bids every quarter and may participate in only the quarterly sales they deem appropriate.

#### Consideration of Offers

Any person, firm, partnership, joint stock association, corporation, or other domestic or foreign organization operating partially or wholly within the United States who meets one or more of the following requirements is qualified to submit a purchase request:

Operates a helium purification plant within the U.S., or

Operates a crude helium extraction plant within the U.S., or

Is a wholesaler of pure helium or purchases helium for resale within the U.S., or

Is a consumer of pure helium within the U.S., or

Has an agreement with a helium refiner to provide its helium processing needs, commonly referred to as a "tolling agreement."

All entities requesting participation in the Non-Allocated Sale must submit proof of being qualified to purchase Conservation Helium and must either have a Helium Storage Contract with the BLM or have a third party agreement in place with a valid storage contract holder so that all Conservation Helium sold to the Bidder will be properly covered by a Helium Storage Contract (including associated storage charges).

#### Payment

The purchaser is required to pay for the full amount of the quarterly helium purchase according to the following schedule:

First Quarter request by December 20, 2008

Second Quarter request by March 20, 2009

Third Quarter request by June 20, 2009

Fourth Quarter request by September 20, 2009

Partial payments will be accepted as long as full payment is made according to the above schedule. After receipt of payment, the BLM will transfer the helium to the purchaser's account on the first day of the month following receipt of payment, unless purchaser requests a delay in the transfer.

Make checks payable to the address above.

#### Allocated Sale

Those who meet the definition of Crude Helium Refiners are allowed to purchase Conservation Helium in the allocated sale portion of this sale. An allocated sale is that portion of the annual sale volume of Conservation Helium that is set

aside for purchase by the Crude Helium Refiners. The amount of conservation helium available for the allocated sale will be 94 percent of the total volume of the Annual Conservation Helium Sale - 1,974 MMcf, or 493,500 MCF per quarter.

The apportionment of the Conservation Helium will be apportioned to each Crude Helium Refiner based on their percentage share (rounded to the nearest 1/10th of 1 percent) of the total refining capacity as of October 1, 2000 connected to the BLM crude helium pipeline.

If a refiner or refiners request an amount other than their share of what is offered for sale then:

Any helium not sold during the First, Second, or Third Quarter sales will be carried over to the succeeding Quarter and reallocated.

If one or more refiners request less than their allocated share, any other refiner(s) that requested more than their share will be allowed to purchase the excess volume based on proportionate shares of remaining refining capacities.

Requests by the Crude Helium Refiners that are in excess of the amount available above will be carried over to the Non-Allocated Sale and considered a separate bid under the Non-Allocated Sale rules. Any excess volume not sold to the Crude Helium Refiners will be added to the Non-Allocated Sale volume.

For a hypothetical example of an Allocated Sale, please contact Connie Neely at (806) 356-1027 or through email at [connie\\_neely@blm.gov](mailto:connie_neely@blm.gov).

#### Non-Allocated Sale

The non-allocated sale is that portion of the annual sale volume of Conservation Helium that will be offered to all qualified Bidders. The minimum volume that can be requested is 5 MMcf. The total volume of Conservation Helium available for the non-allocated portion of the quarterly sale is 31,500 Mcf per quarter plus any additional helium that is not sold as part of the Allocated Sale.

The ratio of Allocated to Non-Allocated Sale volumes are determined according to the terms of the HPA, the BLM must conduct the Annual Conservation Helium Sales in a manner not to cause undue helium market disruptions; and therefore, the majority of the Conservation Helium is being offered as part of the Allocated Sale. Currently, the Crude Helium Refiners have refining capacity roughly double what can be supplied through the Annual Conservation Helium Sales. Although there are other crude helium supplies available to the Crude Helium Refiners, these supplies are declining each year. The BLM must be sensitive to the Crude Helium Refiners requirements while maintaining a balance with other helium industry requirements. The exact ratio of Allocated to Non-Allocated Sale volumes may change for subsequent Annual Conservation Helium Sales.

The Conservation Helium will be apportioned equally in 1 Mcf increments among the Bidders with no prospective Bidder receiving more than its request. If a request is made for more than what is made available for sale then:

If one or more Bidders request less than their apportioned amount, any other Bidder(s) that requested more than its apportioned amount will be allowed to purchase equally apportioned amounts of the remaining volume available for this sale.

If all Bidders request more than their apportioned amount each Bidder will receive its apportioned.

Any bidder requesting less than the calculated apportioned volume will receive the amount of their request and amounts remaining will be reapportioned.

For a hypothetical example of a Non-Allocated Sale, please contact Connie Neely at (806) 356-1027 or through email at [connie\\_neely@blm.gov](mailto:connie_neely@blm.gov).

#### Liquidated Damages

The BLM must receive payment for helium purchased by a company during a quarterly offering before the company is allowed to purchase additional helium under the rules of this IFO. Additionally, the company will be assessed penalty interest in accordance with the Debt Collection Act of 1982, 31 U.S.C. 951-953 for payments received after the due dates for full payment listed in the "Payment" section.

#### Definitions

Allocated Sale - That portion of the annual sale volume of Conservation Helium that will be set aside for purchase by the Crude Helium Refiners.

Annual Conservation Helium Sale - The sale of a certain volume of Conservation Helium to private entities conducted annually beginning no later than 2005.

Bidder - Any entity or person who submits a request for purchase of a volume of the Annual Conservation Helium Sale and has met the qualifications contained in part 1.05 in this notice.

BLM - The Bureau of Land Management.

Conservation Helium - The crude helium purchased by the U.S. Government under the authority of the Helium Act of 1960 and stored underground in the Cliffside Field.

Crude Helium - A partially refined gas containing about 70 percent helium and 30 percent nitrogen. However, the helium concentration may vary from 50 to 95 percent.

Crude Helium Refiners - Those entities with a capability of refining crude helium and having a connection point on the crude helium pipeline and a valid Helium Storage Contract as of the date of a Conservation Helium Sale.

Excess Volumes - Allocated sale volumes not requested by the Crude Helium Refiners.

Helium Storage Contract - A contract between the BLM and a private entity allowing the private entity to store crude helium in underground storage at the Cliffside Field.

HPA - The Helium Privatization Act of 1996.

In-Kind Crude Helium - Conservation Helium purchased by private refiners in exchange for like amounts of pure helium sold to Federal Agencies and their contractors in accordance with the HPA.

MMcf - One million cubic feet of gas measured at standard conditions of 14.65 pounds per square inch (psi) and 600 F.

Mcf - One thousand cubic feet of gas measured at standard conditions of 14.65 psi and 600 F

Non-Allocated Sale - That portion of the annual sale volume of Conservation Helium that will be offered to all qualified Bidders.